

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7661**

**BILL NUMBER:** HB 1808

**NOTE PREPARED:** Jan 20, 2007

**BILL AMENDED:**

**SUBJECT:** Voting Systems.

**FIRST AUTHOR:** Rep. Pierce

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

*Examination of Voter's Votes-* The bill requires that a voting system permit a voter to examine the paper record of the voter's votes to verify the voter's votes. The bill provides that after a voter has verified the votes on the paper record, the paper record is the official record of the votes.

*Pre-Certification Review of Voting System-* The bill requires the Election Commission's pre-certification review of a voting system to include certain aspects of the voting system.

*Escrow of Certain Software Components-* The bill requires a voting system vendor to place certain software components in escrow. The bill requires a voting system vendor to notify the Election Commission and county election boards of certain information.

*Hand Count Audits of General Election-* The bill requires an audit of certain elections held during a general election to hand count certain statistical samples of votes cast during the election.

*Penalty Provision-* The bill provides that a voting system vendor who knowingly or intentionally fails to provide certain information or place software items in escrow commits a Class D felony.

*Repealer-* The bill repeals superseded statutes.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** *Pre-Certification Review of Voting System-* The Election Commission currently reviews voting systems including demonstrations of their use by the vendor before approving the system. The Commission would be able to review voting systems within regularly scheduled business meetings.

*Hand Count Audits of General Election-* The Election Commission would be required to conduct audits of elections for Presidential electors and at least one election for state office. Audits would have to be conducted after each general election. The Commission would have to issue a report on findings from the audits.

The cost to conduct audits would depend on the selection sample size, the number of offices audited, and whether audits could be done within existing staff or would require contracting with a temporary or specialized election service.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

*Background-* The Office of Secretary of State reverted \$149,755 to the General Fund at the end of FY 2006. The Indiana Election Commission, under which the Election Division operates, reverted \$55,072 to the General Fund at the end of FY 2006. The Election Division had printing costs of about \$23,116 in FY 2006. The Division had 11 full-time employees and three vacancies as of October 3, 2006.

*Penalty Provision-* A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

**Explanation of State Revenues:** *Penalty Provision-* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class D felony is \$10,000. However, any additional revenues would likely be small.

**Explanation of Local Expenditures:** *Examination of Voter's Votes-* Several counties would require additional expenditures of an indeterminable amount to meet the requirements of the bill. The amount of expenditures would depend on the current voting system used by these counties and the systems purchased.

Counties with Touchscreen direct recording electronic (DRE) voting systems and optical scan systems have the ability to produce an individual paper record of a voter's ballot. If not included in the original purchase, touchscreen DRE systems would require installation of the necessary software and hardware (a printer) to produce an individual paper record of a voter's ballot.

The Microvote MV-464, an older pushbutton-type DRE system, does not have the ability to

reproduce a voter's ballot for individual examination. Counties with MV-464s would either have to extensively modify their MV-464s to produce individual paper ballots or replace them. MV-464s are no longer produced and are being phased out in Indiana. Additionally, MV-464s may need to be replaced if there are Help America Vote Act (HAVA) compliance issues with that system. In 2005, five Indiana counties replaced their MV-464s with a modern touchscreen DRE system.

It is possible that some of the replacement costs could be alleviated by the amount of federal match dollars received by a county under HAVA.

*Background Information:* As of February 2006, 21 counties with approximately 1.3 million registered voters in about 1,770 precincts were served by MV-464 machines. The following provides background information on the costs of three replacement touchscreen DRE systems and one optical-scan system. The estimated replacement cost in column three assumes two units per precinct unless otherwise noted below. The estimate does not include accessories, training, ongoing hardware/firmware maintenance or paper ballot costs, unless otherwise noted.

**Table. Estimated Cost to Replace MV-464 Direct Recording Electronic Voting Systems.**

Name of System	Type	Price Per Unit	Estimated Cost to Replace Remaining MV-464 Machines
Microvote Infinity	DRE	\$8,000*	\$14.2 M
Election Systems & Software iVotronic	DRE	Unit: \$2,995 to \$3,495 Modem: \$1,200 Printer: \$800 TOTAL: \$5,000 to \$5,500	\$17.8 M to \$19.6 M
Voting Technologies International	DRE	\$3,000 to \$6,000**	\$16 M to \$32 M
Election Systems & Software Model 100	Optical-Scan	\$4,995	\$17.8 M
*Average per precinct price, which includes printer capability and a voice-converter unit. **Per voting booth. Estimate assumes three voting booths per precinct.			

Touchscreen DRE systems are also offered by Diebold. To date, three counties have purchased a Diebold system.

*Penalty Provision-* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

**Explanation of Local Revenues:** *Penalty Provision-* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, the amounts would likely be small.

**State Agencies Affected:** Department of Correction; Election Commission.

**Local Agencies Affected:** Trial courts, local law enforcement agencies, counties.

**Information Sources:** Department of Administration; Indiana Election Division; Steve Shamo, Microvote Systems; Voting Technologies International, 1-888-989-8683; North Carolina Association of County Commissioners.

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